CHAPTER **2**

Sport Industry Financial Trends

Chapter Objectives

- **Compare and contrast various segments within the sport industry and how they handle financial issues.**
- **Examine how sport facilities can become an economic engine for revenue generation.**
- **Forecast the future of the sport industry based on changes in the sport broadcasting field.**

Trends in Amateur and Participatory Sport

- **The most common revenue sources for amateur sports are sponsorship, membership fees, registration fees, tax subsidies, national lotteries, fundraising opportunities (such as raffles or 5K races), and social events.**
- **Expenses at the amateur youth sport level often go to field and facility expenses, uniform, equipment, travel, and related expenses.**

Travel Teams

- **The youth sport industry in the U.S. generates over $15 billion annually.**
- **It is estimated that nearly 20% of U.S. families spent over $12,000 a year on youth sports per child.**
- **Of these dedicated parents, 67% hope that their investment will lead to a college scholarship, and 34% think their child athlete will make it to the Olympics or become a pro.**

Travel Team Finances

A team treasurer is tasked with

- **developing and implementing a budget for the team,**
- **managing the team's account and team fees budget,**
- **collecting team funds,**
- **assisting in the collection of player, club, and team fees,**
- **handling payments and reimbursements, and**
- **paying for team expenses.**

Travel Team Budget

- **Create a budget and add enough of a buffer so parents do not need to be approached again during the year for more money.**
- **If parents are expected to make two payments, make sure the first payment is the higher amount.**
- **Cash flow needs to be sufficient to cover all the team's obligations.**
- **Always have a contingency fund**
- **Keep records of all deposits and outlays, and make the budget available to all officials and parents to insure transparency (Arlington Soccer Association, 2012).**

Fitness

- **Do you think investing in a fitness franchise is worthwhile? Why or why not?**
- **Do you think high-end fitness is the future?**

Extreme Competition

What do you think is the future of extreme sport and is investing in that space worthwhile? Support your conclusion with facts.

Collegiate Athletic Expenses

Category	2014-2015	2015-2016	Change
Athletics-related financial aid	4.9%	8.8%	3.9%
Coaching compensation	7.6	5.0	−2.6
Administrative/support staff	6.7	4.7	−2.0
Team travel	4.3	1.0	−3.3
Equipment/uniform/supplies	8.4	3.1	−5.3
Game-day operations	6.2	3.1	−3.1

(Berkowitz and Myerberg, 2017)

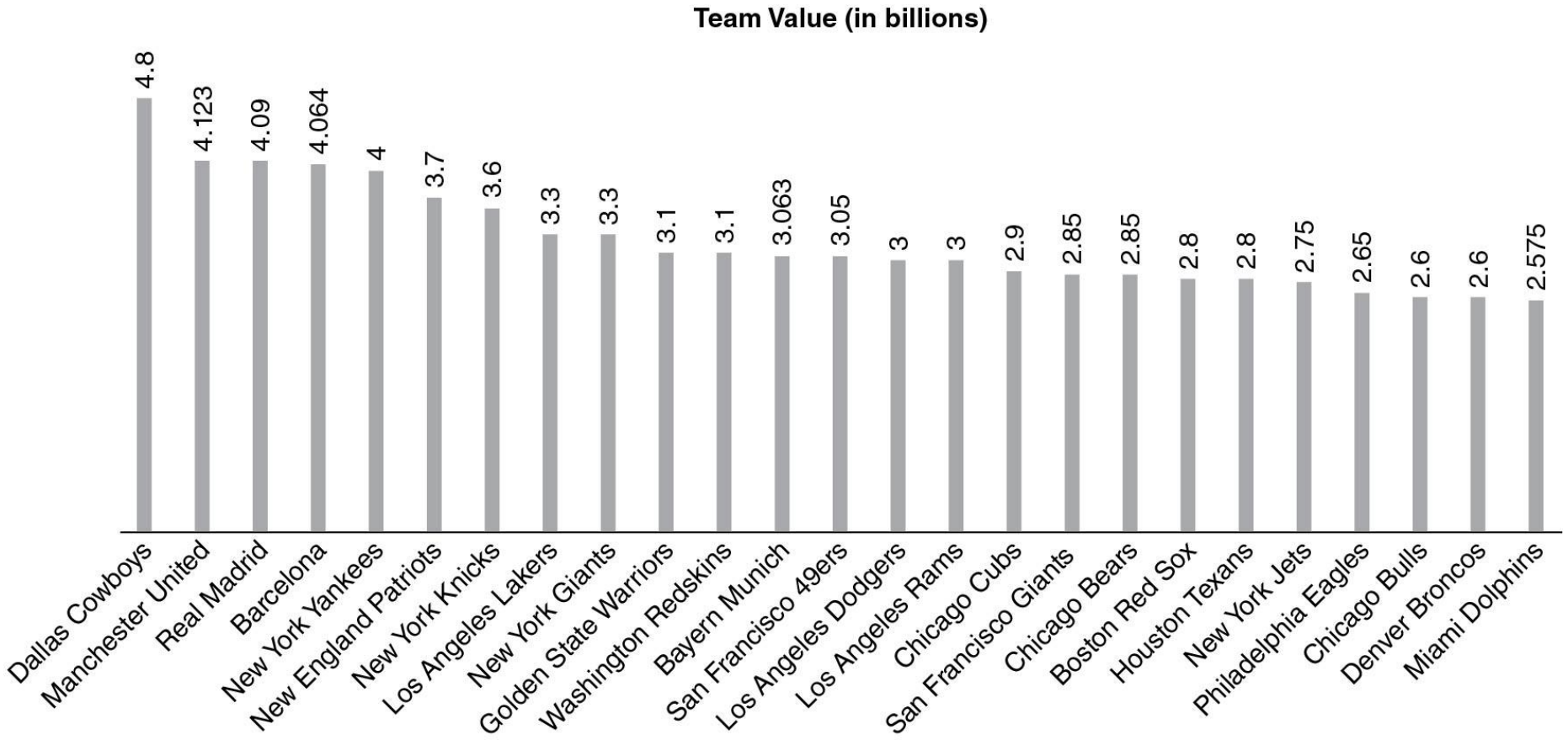
Collegiate Athletics

- **Should state legislatures help fund college athletic departments?**
- **What are the pros and cons of such an effort?**

Professional Sport

- **What do you think will be the result of the large increase in soccer (football) player salaries around the world?**
- **Are such increases sustainable?**

Professional Sports Organizations



Professional Sports Questions

- **Do you think voters should help subsidize the cost of building sport facilities for a professional team owner?**
- **Do you think franchise values are too high, too low, or just right?**
- **What do you think the future of e-sports will be in the next 5-10 years?**
- **Are sports broadcasting rights fees to high?**

Class Discussion Topics

1. **Should local, state, or federal taxes be increased with the resulting funds used to provide more fitness and sport opportunities? What could be the ramifications?**
2. **Are travel teams hurting the youth sport industry?**
3. **Provide three specific examples of how stadium subsidies can positively influence a local community.**
4. **What variables will continue to drive up the market value of sports franchises?**

(continued)

Class Discussion Topics *(continued)*

5. **What do you think the future of e-sports will be and will it make it to the Olympics? If it makes it to the Olympics as a full sport (rather than as an exhibition sport), how would that affect the game publishers?**
6. **Will broadcast rights decrease at a certain time? What variables might impact the future direction of broadcast rights?**